

Event Update

December 18, 2025

SEBI Board Meeting: Breather for AMCs/ brokers

Given the extent of the board meeting transcripts, we are still in process of grasping the material to evaluate the likely impact. However, three key regulations are noteworthy from a TER and AMC revenue standpoint.

- **With an objective to rationalize cost for unitholder, additional TER of 5bps permitted to be charged to schemes with exit loads as a transitory measure, has been removed.**

PL View: This is negative for AMCs as 5bps would be directly reduced from equity TER. However, AMCs can partially or fully pass on this impact. Also, AMC stocks had already corrected after release of the Oct'25 discussion paper hence this, in our view, is already priced in.

- **To pass on any change in statutory levy in future, TER limits were proposed to be revised downward to the extent of GST on all expenses, other than MF fees. Hence, across slabs TER was proposed to be reduced by 15bps. In the final guidelines this TER reduction has been revised to 10bps**

PL View: This may mean that TER will have to exclude the GST impact. Assuming that statutory levies would be permitted above the TER limit, this may be neutral for larger AMCs while it could be slightly positive for smaller AMCs considering lower scheme sizes.

- **To protect investor interest and ensure that expenses are charged only once, brokerage was proposed to be lowered from 12bps to 2bps for cash transactions and 5bps to 1bp for derivative transactions. However, this has been revised upwards; i.e. net of statutory levies, cash brokerage that was capped at 8.6bps has been cut to 6bps excluding levies while derivative brokerage is cut from 3.9bps to 2bps.**

PL View: As per SEBI, since AMCs already charge an MF fees, additional brokerage would lead to a dual impact on customer. This would be negative for brokers but the impact would be relatively lower than what was proposed in the previous discussion paper. Rough estimates suggest that revenue may be affected for cash transactions by 15-20% and 3-5% for derivative transactions.

Sector/stock impact:

Assuming no pass through of the 5bps equity TER cut, core earnings for listed AMCs (except CRAMC) would be affected by 8.0-9.0%. However, the 5bps impact seems to be priced in, as listed AMC stocks had corrected by 4-5% after release of the Oct'25 the discussion paper, suggesting that consensus earnings have assumed a 50% pass through.

Lesser TER reduction of 10bps (vs 15bps earlier) related to GST on management fees might be neutral from a profitability standpoint for larger AMCs (Top-6) while it could be slightly positive for smaller AMCs. **Hence there is no material change in core earnings of our coverage AMCs.**

Reduction in the upper cap of cash brokerage from 8.6bps to 6bps and derivative brokerage from 4bps to 2bps would adversely affect brokers; cash revenue might be affected by 15-20% while derivative revenue would be hit by 3-5%.

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Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	1,900	1,619
2	Axis Bank	BUY	1,425	1,170
3	Bank of Baroda	BUY	300	278
4	Can Fin Homes	BUY	950	838
5	Canara Robeco Asset Management Company	BUY	350	317
6	City Union Bank	BUY	265	236
7	DCB Bank	BUY	155	132
8	Federal Bank	BUY	250	227
9	HDFC Asset Management Company	BUY	6,175	5,764
10	HDFC Bank	BUY	1,150	1,003
11	ICICI Bank	BUY	1,800	1,437
12	IndusInd Bank	Hold	840	751
13	Kotak Mahindra Bank	BUY	2,480	2,187
14	LIC Housing Finance	Hold	690	570
15	Nippon Life India Asset Management	BUY	930	875
16	State Bank of India	BUY	1,100	958
17	Union Bank of India	BUY	160	142
18	UTI Asset Management Company	Accumulate	1,400	1,339

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Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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